

BELL, BOYD & LLOYD

DOCKET FILE COPY ORIGINAL

1615 L STREET, N.W., SUITE 1200
WASHINGTON, D.C. 20036-5610

202 466-6300
FAX 202 463-0678
TELEX 989966

ROSS A. BUNTROCK
202 955-6839

CHICAGO
312 372-1121
FAX 312 372-2098

January 21, 1998

RECEIVED

JAN 21 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Secretary Magalie Roman Salas, Esq.
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RE: In Re Westel Samoa, L.P.: WT Docket 97-199

Dear Secretary:

Enclosed, please find for filing three copies of the Hearing Exhibits of the Westel Parties in connection with the above-referenced matter.

Should questions arise in connection with this filing, please contact the undersigned.

Sincerely yours,



Ross A. Buntrock

RAB/seh
Enclosures

cc: Honorable Arthur I. Steinberg

No. of Copies rec'd
List A B C D E

0+2

RECEIVED

JAN 21 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
Federal Communications Commission
Washington, D.C. 20554

In re Applications of)
)
WESTEL SAMOA, INC.)
WESTEL, L.P.)
)
For Broadband Block C Personal)
Communications Systems Facilities)

WT Docket No. 97-199

TO: Honorable Arthur I. Steinberg
Administrative Law Judge

HEARING EXHIBITS OF WESTEL PARTIES

WESTEL SAMOA, INC.

WESTEL, L.P.

QUENTIN L. BREEN

JANUARY 21, 1998

Before the
Federal Communications Commission
Washington, D.C. 20554

In re Applications of)	
)	
WESTEL SAMOA, INC.)	WT Docket No. 97-199
WESTEL, L.P.)	
)	
For Broadband Block C Personal)	
Communications Systems Facilities)	

TO: Honorable Arthur I. Steinberg
Administrative Law Judge

HEARING EXHIBITS OF WESTEL PARTIES

Westel Samoa, Inc. ("WSI"), Westel, L.P. ("WLP") and Quentin L. Breen ("Mr. Breen") (WSI, WLP and Mr. Breen collectively the "Westel Parties"), by their attorneys and pursuant to the Presiding Judge's prehearing Order, FCC 97M-173 (released October 20, 1997), hereby present their direct case exhibits for the hearing in the captioned proceeding.

As their direct case exhibits, the Westel Parties submit the Declaration of Quentin L. Breen, together with the documents cited therein. Pursuant to the Order, copies of said declaration and the documents cited therein, and attested to thereby, are attached hereto, numbered serially.

The Westel Parties also reserve the right to present the oral testimony of Mr. Breen, if any of them deem such oral testimony to be necessary or appropriate for the full and

efficient prosecution of the issues in the instant proceeding. In the event oral testimony is elicited from Mr. Breen, it is anticipated that such testimony will be as summarized in his declaration submitted herewith.

The Westel Parties further reserve the right to call as yet undetermined witnesses for the presentation of testimony in rebuttal to testimony or other evidence presented by any other party to this proceeding.

In addition, the Westel Parties reaffirm their intentions, as stated in their initial notices of appearance, to appear on the date fixed for hearing and present evidence on the issues remaining as to them in this proceeding.

Respectfully submitted,

WESTEL SAMOA, INC.
WESTEL, L.P.
QUENTIN L. BREEN

By:



A. Thomas Carroccio
Ross A. Buntrock
Brian Cohen

BELL, BOYD & LLOYD
1615 L Street, N.W.
Washington, D. C. 20036
202/466-6300

Their Counsel

January 21, 1998

HEARING EXHIBITS OF WESTEL PARTIES

TABLE OF CONTENTS

	<u>Page</u>
<u>DECLARATION OF QUENTIN L. BREEN - JANUARY 20, 1998</u>	1
 <u>TAB</u>	
1. January 1996 Cellular Telephone Bill for Train Mountain, Inc. (Quentin L. Breen)	21
2. Records of Auction Round 12 from PCS 2000 Bidding Binder	24
3. Records of Auction Round 11 from PCS 2000 Bidding Binder	40
4. January 23, 1996, Facsimile from Anthony T. Easton to Louis Segalos and Mike Sullivan	43
5. January 23, 1996, Facsimile from Mike Sullivan to Sue McNeil (FCC Auctions Division)	57
6. January 24, 1996, Facsimile from Anthony T. Easton to Mike Sullivan	72
7. January 24, 1996, Facsimile from Cynthia L. Hamilton to Ronit Milstein (Resignation)	76
8. January 25, 1996, Facsimile from Mike Sullivan to Javier Lamoso, <u>et al.</u> (Draft)	79
9. January 25, 1996, Facsimile from Mike Sullivan to Javier Lamoso, <u>et al.</u> (Redraft)	88
10. January 26, 1996, Request for Expedited Waiver or Reduction of Withdrawal Penalty	94
11. June 4, 1996, Letter from A. Thomas Carroccio to Howard C. Davenport, <u>et al.</u>	102

DECLARATION OF QUENTIN L. BREEN

I, Quentin L. Breen, under penalty of perjury, hereby declare and state as follows:

1. I was one of the authorized bidding representatives for PCS 2000, L.P. ("PCS 2000") during the Federal Communications Commission's ("FCC") Broadband PCS C Block Auction ("Auction"). As of January 23, 1996, PCS 2000's other authorized bidding representatives were Anthony T. "Terry" Easton and Javier Lamoso.

2. Pursuant to a contract between Unicom Corporation ("Unicom"), the general partner of PCS 2000, and Romulus Telecommunications, Inc. ("Romulus"), Romulus was to manage Auction bidding activity on behalf of PCS 2000. Romulus, in turn, contracted with The San Mateo Group ("SMG") for logistical support of PCS 2000's Auction activities. PCS 2000's Auction activities were centered at, and its Auction bids were submitted from, SMG's offices in San Mateo, California.

3. Although I have direct and indirect equity and voting interests in Romulus and am an officer and director of that corporation, I do not have, and at no time relevant to this Declaration did I have, any ownership or equity interest in SMG, nor was I an officer or director of that company. To the best of my understanding and belief, Mr. Easton and/or his wife are, and at all times relevant to this Declaration have been, the direct or indirect holders of all equity and voting interests in SMG. In any event, I know that SMG is not now, nor has it ever been, a "subsidiary" of Romulus.

4. In the early rounds of the Auction, it had been the practice of PCS 2000's bidding agents to prepare and review each round's bids on the business day before they were to be submitted. For example, the bids submitted in Round 10 on Monday, January 22, 1996, were prepared on Friday, January 19, 1996, before I left San Mateo for a weekend at my home in Chiloquin, Oregon. On Monday, January 22, 1996, however, because severe winter weather conditions around Chiloquin had delayed my planned post-weekend return to San Mateo from Monday to Tuesday, I was not in the SMG offices. As a result, PCS 2000's bids for Round 11 of the Auction were not prepared until the morning of January 23, 1996. On the morning of January 23, 1996, by telephone from my home in Chiloquin, I discussed with Mr. Easton, who was at SMG's offices, the bids to be submitted by PCS 2000 during Round 11 of the Auction. Consistent with the bidding strategy authorized by PCS 2000, PCS 2000's bids in Round 11 were intended to be in the minimum permissible amounts per market, and for the minimum number of "POPs" as would allow PCS 2000 to maintain maximum bidding eligibility. After my telephone discussions with Mr. Easton regarding the bids to be submitted on behalf of PCS 2000, I left Chiloquin and drove to San Mateo.

5. Because of difficult driving conditions and travel through areas without usable cellular service, I was not in contact with anyone at PCS 2000, SMG or my office in Chiloquin for approximately three hours during the mid-to-late morning and early afternoon (PST) of January 23, 1996. When I reached an

area which I knew to have reliable cellular service, I contacted my office in Chiloquin. As evidenced by my cellular telephone bill (Attachment 1), I made that call at 12:32 p.m. (PST). During that contact with my Chiloquin office, I was informed that Mr. Easton had been trying to reach me, and wanted to speak with me as soon as possible. Upon completing the call to my office, I called the "800" number maintained by the San Mateo Group and spoke with Mr. Easton.¹ During that conversation, Mr. Easton told me that the results posted by the FCC for that day's Auction Round 11 indicated that PCS 2000 was being charged with a bid for the Norfolk-Virginia Beach-Newport News-Hampton, VA BTA ("Norfolk BTA" or "Market") in the amount of \$180,060,000 ("bidding error"), instead of \$18,006,000, which had been the minimum permissible Round 11 bid for the Norfolk BTA. Mr. Easton also said he had not then determined the cause of the bidding error. He indicated that he did not think it had been caused by PCS 2000, and that it may have originated either in transmitting the bid to the FCC, or in the FCC's recording of the bid for the Norfolk BTA. I told Mr. Easton that, whatever its cause, the bidding error needed to be addressed immediately by communications counsel. To that end, I asked Mr. Easton to contact Michael Deuel Sullivan of Wilkinson, Barker, Knauer &

¹ I previously believed that this initial cellular telephone conversation with Mr. Easton had been initiated by Mr. Easton. Upon review of telephone records, however, I recalled that, while Mr. Easton had initiated the attempt to reach me, the call during which we first spoke about the bidding error originated with my calling him in response to the request he had left with my Chiloquin office.

Quinn, PCS 2000's Washington communications counsel, and to turn the matter over to Mr. Sullivan. I do not recall any indication by Mr. Easton during that initial cellular telephone conversation as to whether he had already been in contact with the FCC with regard to the bidding error.

6. During the rest of my January 23, 1996 trip from Chiloquin to San Mateo, I had at least one other communication with the SMG offices by cellular telephone. I believe that it was during the course of that call that Ronit Milstein, SMG's office manager, asked me how she should handle the Round 11 version of the recorded message she prepared after each Auction round for the limited partners of PCS 2000. Ms. Milstein indicated she was seeking my advice because Mr. Easton had told her to indicate on the message for Round 11 that PCS 2000 thought the bidding error was the fault of the FCC; an instruction Ms. Milstein was reluctant to follow. I agreed with Ms. Milstein that no blame for the bidding error should be imputed to the FCC, but indicated that, under the circumstances, we needed to act only upon advice of counsel, and told her to consult with Mr. Sullivan regarding appropriate language for addressing the bidding error in the recorded message. I also believe that it was during another part of that call that Mr. Easton told me that he had contacted the FCC regarding the bidding error, but that the matter had been turned over to Mr. Sullivan.

7. I completed my trip from Chiloquin to the SMG offices at approximately 6:30 p.m. on January 23, 1996. By the time I

arrived at the SMG offices that evening, Mr. Easton was the only person there. Mr. Easton and I briefly discussed the bidding error and the information and advice Mr. Sullivan had conveyed to Mr. Easton. He indicated he still had not been able to determine how or where the bidding error had occurred, but he had been advised by Mr. Sullivan that the FCC had determined that the bidding error had not been caused by its processes. After that discussion, Mr. Easton and I prepared PCS 2000's bids for the next day's Auction Round 12. It is my recollection that I was at the offices of SMG for approximately two hours on the evening of January 23, 1996. Nothing I perceived during that evening's conversation or work with Mr. Easton caused me to believe that any misrepresentations had been made to the FCC regarding the bidding error.

8. On January 24, 1996, I participated in telephone conferences with Mr. Easton, Mr. Sullivan, Mr. Lamoso, Fred Martinez (the Chairman of Unicom) and others. During those telephone conferences, no one questioned that PCS 2000 had intended to submit the minimum permissible bid for the Norfolk BTA. We all recognized the \$180,060,000 bid was an error, and we knew it was necessary to withdraw it.

9. With regard to withdrawing the bidding error, Mr. Sullivan indicated the FCC Staff had confirmed that PCS 2000 could use the January 24, 1996, Round 12 bid withdrawal period for that purpose, and he provided advice as to how to effectuate such withdrawal. After Round 12 bids were submitted on behalf of

PCS 2000, the bidding error was withdrawn during the Round 12 bid withdrawal period. Upon the completion of bidding activity on January 24, 1996, I personally placed the records for Round 12 (Attachment 2) in the bidding records binder maintained in the offices of SMG. At that time, I observed that bidding records for Round 11 (Attachment 3) were in their proper place in the binder.

10. Those participating in the January 24, 1996 telephone conferences also sought an explanation as to how the bidding error had occurred. Mr. Easton and Mr. Sullivan presented their perspectives on the previous day's bidding error, and discussed their respective contacts with the FCC regarding the bidding error. Both indicated they had asked the FCC the previous day to check whether the error had occurred in the FCC's processes. Mr. Easton conceded that the bidding error could have occurred within the PCS 2000 bidding process; had several theories as to how it could have occurred there; but could not identify any actual misstep which might have caused the bidding error. Because he still could not reconcile the bidding error with the bidding spreadsheets he and Mr. Sullivan had sent to the FCC (Attachments 4 and 5), Mr. Easton initially was reluctant to completely abandon his theory that the bidding error may have occurred somewhere other than within PCS 2000. Mr. Sullivan informed us that the FCC had reviewed the bidding error and determined that it had not occurred at, or been caused by, the FCC or its processes. I also understood Mr. Sullivan to believe that, while

PCS 2000's Round 11 bidding records gave a clear indication as to the amount PCS 2000 had intended to bid in Round 11, they were not particularly useful in proving what bids had actually been submitted to the FCC by PCS 2000. Mr. Sullivan discounted the value of the bidding records as evidence of the bids actually submitted by PCS 2000 because they had not been drawn directly from the computer which had transmitted the bid to the FCC, and because he had been told by Mr. Easton that the computer records had been changed after the transmission of the bids to the FCC so as to conform to bid changes which had been made "on-line". Communications counsel also advised that, from a regulatory perspective, it was not important how the bidding error had occurred; the critical fact was that the Round 11 bid for the Norfolk BTA had not been an intentional bid, but, instead, clearly was an inadvertent mistake. It was made clear during the conferences, however, that the cause of the bidding error should be determined, to the extent it could, so as to prevent recurrence of the error. In any event, it is my clear recollection that, at least by the time the telephone conferences of January 24, 1996, were concluded, everyone participating in them, including Mr. Easton, had agreed that PCS 2000 could not blame the FCC for the bidding error, and, instead, should acknowledge that the bidding error had originated with PCS 2000.

11. Mr. Sullivan also told us the FCC Staff had indicated that, in order for PCS 2000 to avoid or minimize any penalty the FCC might otherwise impose because of the bidding error, it would

be necessary for PCS 2000 to file a waiver request. Mr. Sullivan advised us to emphasize the clearly unintentional nature of the bidding error, and to point out the inappropriateness of applying draconian sanctions to inadvertent errors. He also advised that, in light of press reports indicating PCS 2000 was attributing the bidding error to the FCC, PCS 2000 should make clear that the bidding error was not the fault of the FCC. It was decided that Mr. Easton, as the person with the best knowledge as to what had occurred during the Round 11 bidding process, would work with Mr. Sullivan in preparing an appropriate waiver request. Mr. Easton was specifically requested to provide Mr. Sullivan with a statement to use in the preparation of a waiver request. Mr. Martinez also directed Mr. Easton to prepare a written statement regarding the bidding error for the Unicom board. It also was decided that, at least during the time the waiver request was being prepared, I would have primary responsibility for the preparation and submission of PCS 2000's Auction bids. Although I was not given direct responsibility for the waiver request, I asked to be kept informed as to its progress, and to be provided the opportunity to review all drafts of the waiver request. I also believe that, during those calls, I insisted that PCS 2000's waiver request both acknowledge responsibility for the bidding error, and make clear that PCS 2000 was not blaming the FCC for that error. Sometime after those telephone conversations, I read a copy of the written statement Mr. Easton sent to Mr. Sullivan (Attachment 6). I know Mr. Easton sent a similar statement to

Mr. Martinez, but I have no recollection of actually seeing that statement at that time.

12. Throughout January 24, 1996, the day after the bidding error, I had several conversations with Ms. Milstein in the SMG offices. In the course of one or more of our conversations, Ms. Milstein informed me of the resignation from SMG that morning by Cynthia Hamilton, the individual who had operated PCS 2000's bid submission computer during the first eleven rounds of the Auction. Ms. Hamilton had submitted her resignation by facsimile (Attachment 7), and Ms. Milstein had made a copy for me. Ms. Milstein indicated Ms. Hamilton also had called that day to make certain her facsimile resignation had been received at SMG. Ms. Milstein related that, at the time of that telephone conversation, Ms. Hamilton was still upset and concerned because she thought Mr. Easton would try to blame her for the bidding error. I also understood from my conversation with Ms. Milstein that Ms. Hamilton believed Mr. Easton had caused the bidding error, and had been upset on January 23, 1996 by what she saw as his efforts to blame the error on others, including Ms. Hamilton and the FCC. Ms. Milstein also indicated that Ms. Hamilton had expressed concern that any continuing association with Mr. Easton after he had tried to blame the FCC for the error could have negative implications for her plans to be admitted to the bar. Ms. Milstein also told me that sometime after the discovery of the bidding error the previous day, she had talked about the

bidding error with Ms. Hamilton and had come to the conclusion that Ms. Hamilton had not been the cause of the bidding error.

13. On January 25, 1996, I prepared and directed the submission of PCS 2000's Round 13 Auction bids. Also on that day, Mr. Sullivan circulated his initial draft of a waiver request to be submitted to the FCC by PCS 2000 (Attachment 8). I know I reviewed that draft, and I believe I indicated to Mr. Sullivan that I was satisfied with the draft because it was consistent with my understanding of the matter, and because it made clear that PCS 2000 was accepting blame for the bidding error and was not attributing any blame to the FCC. Later that day, Mr. Sullivan circulated a second draft of the waiver request (Attachment 9), which, upon review, I perceived to contain only minor revisions to the initial draft.

14. On the morning (PST) of January 26, 1996, I prepared and directed the submission of PCS 2000's Round 14 auction bids. During that day I became aware that Mr. Easton and Mr. Lamoso, who was in San Mateo for a meeting, had executed declarations in support of the waiver request, and that Mr. Sullivan's law firm had filed with the FCC PCS 2000's "Request for Expedited Waiver or Reduction of Withdrawal Penalty" ("Waiver Request") (Attachment 10). That day I also participated in a marketing meeting which was held in the conference room at the offices of SMG. The other participants in that meeting included Mr. Easton and Mr. Lamoso.

15. Some time during the late afternoon (PST) of January 26, 1996, while in the marketing meeting in SMG's glass-walled conference room, I noticed that Ms. Hamilton was in the entry area of SMG's offices. There had been no contact between Ms. Hamilton and me since the discovery of the bidding error by PCS 2000, and I had not known that she was going to be in the office that day. Recalling my conversation with Ms. Milstein about Ms. Hamilton's concern about being blamed for the bidding error, I left the conference room and greeted Ms. Hamilton. She indicated she wanted to tell me something in confidence and asked if we could go to my office. I complied with that request. Although we were accompanied to my office by another woman, whom I now understand to be Rosalind Makris, I do not recall Ms. Makris participating in the ensuing conversation in my office.

16. Once we were in my office, Ms. Hamilton stated that she believed Mr. Easton had caused the bidding error. She then expressed concern that Mr. Easton had attempted to place the blame for the bidding error elsewhere; specifically on her or on the FCC. She said Mr. Easton had accused her of submitting the wrong bid. She related that she also had overheard Mr. Easton on the telephone telling the FCC that the bidding error was the FCC's fault. I believe I responded to her allegations about Mr. Easton blaming others with the phrase "That's just Terry being Terry," which I intended as a reference to Mr. Easton's aversion to acknowledging blame for any problem or error. Ms. Hamilton then indicated she intended to apply for admission to the bar,

and did not want to be seen as condoning Mr. Easton's blaming of the FCC by continuing to be associated with him. Ms. Hamilton went on to indicate she thought Mr. Easton had changed the computer bidding records after the Round 11 bids had been submitted to the FCC. She also indicated that Mr. Easton discarded documents relating to the Round 11 bidding process, and that Mr. Easton had been unable to find some discarded documents which had been placed in Ms. Hamilton's trash can during an early stage of the bidding process. She also expressed concern because the binder containing PCS 2000's bidding records had been missing from its usual place at her desk, and she thought Mr. Easton had removed it. Ms. Hamilton generally was of the view that Mr. Easton was trying to cover-up his fault for the bidding error. She also indicated she was concerned as to how Mr. Easton might retaliate against her. I interpreted Ms. Hamilton's statements to be part of her explanation as to why she was not responsible for the bidding error and why she was concerned that Mr. Easton would try to blame her for the error. Ms. Hamilton gave me no indication, whatsoever, that she knew of or had documents or any other evidence regarding the bidding error, or its aftermath, and which could prove, support or clarify the statements she had made and the concerns she had related during our meeting.

17. At the end of Ms. Hamilton's recitation of her concerns and allegations, I believe I told her that the accuracy of the Round 11 bids had been Mr. Easton's responsibility, not hers. I know I indicated to her that I had always found her to

be competent and diligent in her work, and that I did not believe the bidding error was her fault. I also indicated to her that I would provide favorable recommendations regarding her work on the Auction if she needed a reference for future employment purposes. By doing so, I was trying to assure her that she was not being blamed for the bidding error, and that the episode would not adversely affect her ability to get a favorable recommendation for the time she had worked at SMG.

18. After a few minutes discussion of the bidding error, the subject of our conversation shifted to other, non-business-related matters, and continued until Ms. Hamilton indicated she had to leave. At that point, I again assured her that she could rely on me for a favorable recommendation and returned to the entry area with her. There, I took my leave of Ms. Hamilton and returned to the marketing meeting in the adjacent conference room. I believe my meeting with Ms. Hamilton lasted no more than ten or fifteen minutes.

19. Nothing in what was related to me by Ms. Hamilton during the course of our meeting caused me to think it was necessary or appropriate to correct or supplement PCS 2000's Waiver Request, or to otherwise notify the FCC. Everything I heard Ms. Hamilton to say was consistent with the bidding error situation as I then understood it to be.

20. At the time of my meeting with Ms. Hamilton on January 26, 1996, I knew she had not been in SMG's offices since the close of business on January 23, 1996. I had not had any contact

with her since that time, and I had received no indication that she had maintained any contacts with SMG personnel during the intervening days. From my January 23, 1996 cellular telephone conversations with Mr. Easton and Ms. Milstein, I had the impression that the atmosphere at SMG that day, Ms. Hamilton's last at SMG, had been one of confusion and concern bordering on panic. I knew Ms. Hamilton had not come into the SMG offices on January 24, 1996, but had sent in her resignation on that date. I also knew from my conversations with Ms. Milstein that Ms. Hamilton had been upset about the bidding error and what she perceived as Mr. Easton's attempts to blame it on others, including her. In the three days since Ms. Hamilton had last been in the SMG offices, the circumstances surrounding the bidding error had been addressed by PCS 2000 and its counsel, important determinations had been made, and the Waiver Request had been filed with the FCC. Because Ms. Hamilton had been absent during that critical time, I did not view her as one who could be aware of the significant determinations and disclosures made since her departure. And some of Ms. Hamilton's statements appeared to reflect that perceived lack of current knowledge. For example, she claimed the bidding records binder had been missing after the discovery of the bidding error. By the time of our meeting, however, I had not only observed that the binder had been in its proper place since the day after the bidding error, I also had seen Round 11 bidding records in it, and I had placed bidding records for subsequent Auction rounds into it. I

acknowledge, however, that my understanding of whatever Ms. Hamilton said during our meeting was colored by my perception as to the extent and currency of her knowledge relative to my own. In addition, because I understood from Ms. Milstein that Ms. Hamilton was concerned about being blamed for the bidding error, I perceived what she said as an effort by her to disclaim blame for that error. It was only weeks later, after other information had been disclosed to me, that I realized that, during our meeting, Ms. Hamilton also had wanted to alert me to what she perceived to be wrongdoing by another.

21. During our January 26, 1996 meeting, I perceived that Ms. Hamilton was relating "old news", and not giving me any new information about the bidding error. For example, when she indicated she heard Mr. Easton lying to the FCC on the telephone about the blame for the bidding error, I correlated that with what Mr. Easton had disclosed about his asking the FCC to check whether the error had originated in the FCC's processes. Similarly, when Ms. Hamilton told me about Mr. Easton having discarded early drafts of bidding spreadsheets, I interpreted that as reflecting nothing more than the usual changing and discarding of multiple iterations of bidding spreadsheets in the process of getting to a final set of bids for a particular round. Her statement that she thought Mr. Easton had changed the computer records after the submission of the Round 11 bids recalled Mr. Easton's acknowledgement to Mr. Sullivan and me that he had made post-bidding changes to the bidding spreadsheets in

order to conform them with "on-line" bid changes. With respect to any allegation that Mr. Easton may have sent false documents to the FCC, I have absolutely no recollection of Ms. Hamilton making such a statement, and I believe she did not do so in my presence.

22. Neither during my meeting with her, nor in the days immediately following that meeting, did I consciously and specifically parse, analyze and evaluate each statement made by Ms. Hamilton during our January 26, 1996 meeting. Nor did I compare each statement made by Ms. Hamilton with all the factual details then understood by me. I did not do so because nothing I had perceived during the meeting gave rise to a reason to do so. In light of what I already knew or believed at that time, Ms. Hamilton's statements caused me no concern. Nothing I heard Ms. Hamilton say during our meeting of Friday, January 26, 1996, struck me as contrary to, different from, or inconsistent with, either the information which then had already come to my attention in the wake of the bidding error, or with the Waiver Request which then had already been filed with the FCC. Simply put, I perceived Ms. Hamilton's statements to me of January 26, 1996 as being completely innocuous. If anything, I was relieved, rather than alarmed or concerned, by what I had heard from Ms. Hamilton during our meeting. I had heard her to say absolutely nothing which caused me to question that the bidding error was anything other than an inadvertent error, thereby affirming the

fact which provided the basis for the relief requested by the Waiver Request.

23. That I did not perceive everything Ms. Hamilton may have attempted to impart to me was not the result of a conscious attempt on my part to avoid receiving any information Ms. Hamilton, or any other person, may have wanted to disclose with regard to the bidding error. In fact, the contact between Ms. Hamilton and me on January 26, 1996 was the result of my initiative. Ms. Hamilton made no advance arrangement to see me on January 26, 1996, and did not ask to see me even after she arrived at the offices of SMG on that date. I left another meeting to initiate the contact between Ms. Hamilton and me. I did so even though Ms. Milstein had alerted me that Ms. Hamilton had strong negative beliefs regarding both the responsibility for the bidding error and Mr. Easton's subsequent actions related to the bidding error. By complying with Ms. Hamilton's request to move to the privacy of my office, I offered a setting conducive to the full and candid disclosure of sensitive information. I did not put any time limit on Ms. Hamilton's presentation of her concerns; the only limitation on the length of either our meeting or her presentation was her own schedule. I believe I neither said nor did anything which should have caused Ms. Hamilton to be concerned that I was anything but receptive to her disclosures. Although Ms. Hamilton indicated she was concerned that Mr. Easton might retaliate against her, I did not perceive that her concerns extended to me. In any event, I tried to assuage those concerns

by assuring Ms. Hamilton that her forthrightness with regard to the bidding error and Mr. Easton's actions would have no negative impact on our relationship, including any reference I might be asked to provide with regard to her future efforts to obtain employment. In short, I tried to indicate to Ms. Hamilton that I was receptive to any disclosure she wished to make with regard to any matters involving the bidding error, SMG, Romulus, PCS 2000, or the actions of any person associated with any of them.

24. On Saturday, January 27, 1996, I attended a meeting of the Board of Directors of Unicom in San Francisco. Others in attendance at that meeting included Mr. Easton, Mr. Lamoso, Mr. Martinez and Lawrence J. Movshin, Mr. Sullivan's law partner. Mr. Movshin and Mr. Easton each made presentations with regard to the bidding error.

25. Mr. Movshin addressed the communications regulatory implications of the bidding error. He indicated that, although the FCC's auction rules subjected PCS 2000 to the imposition of a substantial penalty because of the bidding error and its late withdrawal, the fact that the \$180,060,000 bid clearly was an inadvertent error weighed in PCS 2000's favor. Mr. Movshin also discussed the Waiver Request, which had been filed with the FCC on the previous day. In doing so, he reiterated that the inadvertence of the bidding error should be the critical factor in the FCC's review of the bidding error and consideration of the Waiver Request. Mr. Movshin also suggested that PCS 2000 retain a consulting firm to review PCS 2000's internal bidding

procedures to determine how they might be improved so as to avoid future errors.

26. Mr. Easton embarked on a long, technical explanation of the bidding process and his theories as to what may have caused the bidding error. I have little recollection as to any specific points addressed by Mr. Easton. I have been informed that I was observed sleeping during much of Mr. Easton's presentation, and I accept that observation as most likely accurate. That would explain my lack of specific recollection as to what Mr. Easton stated during his presentation. I do know, however, that nothing I perceived Mr. Easton as saying that day caused me to doubt that the facts set forth in the Waiver Request were true and accurate, or that there was any reason to correct or supplement the Waiver Request.

27. At no time during the Unicom Board meeting did I perceive there to be any statements made or information presented which were contrary to, or inconsistent with, either the information set forth in the Waiver Request, or the circumstances of the bidding error as I then understood them. Nor did I perceive that anything stated at the Board meeting warranted any disclosure or other response by me.

28. Until the time I was informed that Ms. Hamilton had made specific allegations to Mr. Lamoso regarding the bidding error, and until I had seen the documents she provided to Mr. Lamoso, I perceived no reason to doubt or question the truth or

accuracy of any statement in the Waiver Request. And, to this day, I do not know the specific cause of the bidding error.

29. I reaffirm my May 28, 1997 declaration, which is part of the June 4, 1997 submission on my behalf to the Enforcement Division of the FCC's Wireless Telecommunications Bureau (Attachment 11). To the best of my knowledge and belief, that declaration is true and, with the exception discussed in Footnote 1 to this Declaration, accurate.

30. With the exception of my declaration dated May 28, 1997, the various documents attached to this Declaration are not offered for the truth of the statements set forth in them, but, instead, only for the purpose of demonstrating the state of my knowledge and belief, from time to time, with regard to the circumstances surrounding the bidding error. Although I cannot vouch for the truth or accuracy of any of the statements set forth in any of the attachments, with the exception of the statements set forth in my declaration dated May 28, 1997, I do certify that, to the best of my knowledge and belief, each of the attachments to this Declaration is a true copy of the document it purports to be.

IN WITNESS WHEREOF, I hereby affix my signature to this Declaration on this 20th day of January, 1998.



QUENTIN L. BREEN